

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01
TRSE-00 FEA-01 EB-07 AID-05 /070 W
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R 020650Z JAN 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 5400
INFO AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA

C O N F I D E N T I A L ABU DHABI 0001

E.O. 11652: GDS
TAGS: EGEN, PGOV, TC
SUBJ: RECORD UAE FEDERAL BUDGET EXPECTED FOR 1977

REF: 76 ABU DHABI 658, 76 ABU DHABI 1844, 76 ABU DHABI 3128

1. BEGIN UNCLASSIFIED. SUMMARY: UAE BUDGET COMMITTEE HEADED BY SHAIKH SULTAN OF SHARJAH APPEARS TO HAVE SUCCEEDED IN PREPARING A RECORD \$3.65 BILLION UAE FEDERAL BUDGET IN TIME FOR OPENING OF NEW FISCAL YEAR ON JANUARY 1. IN PROCESS ITS DELIBERATION, COMMITTEE HAS BEEN ABLE ACT ON NUMBER DEVELOPMENT PROJECTS WHICH HAD BEEN WAITING FOR OVER YEAR FOR A DECISION. END SYMMARY.

2. UAE SUPREME COUNCIL BUDGET COMMITTEE, CHAIRED BY RULER OF SHARJAH, SHAIKH SULTAN, ANNOUNCED ON DECEMBER 28 THAT UAE FEDERAL BUDGET FOR 1977 WAS EXPECTED TO TOTAL 14.5 BILLION DIRHAMS (\$3.65 BILLION). THIS IS MORE THAN THREE TIMES LAST YEAR'S 4.15 BILLION DIRHAM FEDERAL BUDGET AND SOME 69 TIMES MORE THAN UAE'S FIRST FEDERAL BUDGET IN 1972. THE ANNOUNCEMENT NOTED THAT DURING PREVIOUS YEARS, ONLY 40 TO 60 PERCENT OF FUNDS ALLOCATED IN BUDGET FOR DEVELOPMENT PROJECTS HAD ACTUALLY BEEN SPENT AND FIRST TASK OF NEW
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UAE CABINET YET TO BE FORMED (SEE SEPTTEL) WILL BE TO SEE THAT PREVIOUSLY AGREED UPON DEVELOPMENT PROJECTS ARE IMPLEMENTED. SHAIKH SULTAN, WHOSE COMMITTEE HAS ALSO BEEN LOOKING INTO WAYS TO IMPROVE EFFICIENCY AND PRODUCTIVITY OF UAE FEDERAL GOVERNMENT, SAID THAT UAE NOW HAS 21,000 EMPLOYEES AND NEEDED TO APPOINT AN ADDITIONAL 10,000 PERSONS IN 1977.

3. END UNCLASSIFIED, BEGIN CONFIDENTIAL: ANNOUNCE-
MENT COINCIDED WITH AMBASSADOR'S MEETINGS WITH SHAIKH
SULTAN AND WITH SHAIKH HUMAID, DEPUTY RULER OF AJMAN AND
MEMBER OF BUDGET COMMITTEE, WHO FURNISHED FOLLOWING ADDITIONAL
DETAILS:

(A) FEDERAL BUDGET FOR FIRST TIME INCLUDES FOREIGN AID.
FORMERLY, IT WAS INCLUDED ONLY IN BUDGET FOR ABU DHABI EMIRATE.
FOR 1977, 4.5 BILLION DIRHAM (\$1.125 BILLION) IS EARMARKED FOR
FOREIGN GRANT AID WHICH IS SAME AMOUNT THAT WAS ALLOCATED
IN 1976 ABU DHABI BUDGET. BY INCLUDING FOREIGN AID
IN UAE FEDERAL BUDGET, OTHER RULERS IN UAE HOPE TO HAVE
GREATER VOICE AND CONTROL OVER HOW THESE MONIES ARE
DISBURSED. UP TO NOW, THIS HAS BEEN PREROGATIVE OF
UAE PRESIDENT AND RULER OF ABU DHABI, SHAIKH ZAYID,
WHOSE EMIRATE PUTS UP THE MONEY. BUT ZAYID HAS
BEEN STRONGLY CRITICIZED BY OTHER EMIRATE RULERS FOR HIS
TENDENCY TO MAKE BILATERAL AID COMMITMENTS TO FAST
TALKING VISITORS WHO SEEK AID AND WITHOUT CAREFUL
STUDY AND CONSULTATIONS WITH UAEG.

(B) APPROXIMATELY 8 BILLION DIRHAM (\$2.6 MILLION) IN
UAE FEDERAL BUDGET WILL BE FOR DEVELOPMENT-RELATED
PROJECTS. IN REVIEWING DEVELOPMENT PROJECTS WHICH
WERE APPROVED FOR 1974, 1975 AND 1976 FEDERAL BUDGETS, COM-
MITTEE FOUND THAT ONLY ABOUT 40 PERCENT OF WHAT HAD BEEN
EARMARKED HAD ACTUALLY BEEN SPENT AND THAT THERE WERE A
HOST OF PROJECTS THAT HAD BEEN Languishing FOR OVER ONE
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YEAR FOR WANT OF ANY DECISION. BUDGET COMMITTEE HAD RE-
VIEWED EVERY SINGLE ONGOING PROJECT AND PROPOSED NEW
PROJECTS AND MADE A NUMBER OF DECISIONS. THIS SHOULD
REMOVE SIGNIFICANT LOGJAM AND SPEED UP DEVELOPMENT PRO-
JECTS ALREADY AGREED UPON. (NOTE: IT APPEARS THAT UAE
FEDERAL BUDGET MAY ALSO HAVE INCORPORATED INFRASTRUCTURE
PROJECTS FINANCED BY ABU DHABI AND DUBAI EMIRATES BUT THIS
WILL ONLY BECOME CLEAR ONCE FEDERAL BUDGET IS PUBLISHED.

(C) REMAINING 2 BILLION BALANCE IS TO COVER SALARIES AND
ADMINISTRATIVE EXPENSES. THIS INCLUDES 500 MILLION
DIRHAM COST FOR EXPENSES OF MILITARY FORCES IN CENTRAL
AND NORTHERN EMIRATES BUT NOT EXPENDITURES OF WHAT WAS
FORMERLY ABU DHABI DEFENSE FORCE. SHAIKH SULTAN SAID
LATTER TOTAL SOME 3 BILLION DIRHAM AND WILL BE MET SEPARATELY
BY ABU DHABI EMIRATE--PRESUMABLY TO BE INCLUDED IN ABU DHABI
BUDGET BUT THIS WAS NOT CLARIFIED.

(D) AS IN PREVIOUS BUDGETS, ABU DHABI WILL COVER ALMOST

ALL OF UAE FEDERAL BUDGET. FIRST OF ALL, IT WILL COVER FOREIGN AID ALLOCATIONS. OF REMAINING 10 BILLION DIRHAMS, ABU DHABI WILL FURNISH 9 BILLION OR OVER 40 PERCENT OF EMIRATE'S ANTICIPATED REVENUES. ALL OTHER EMIRATES WILL CONTRIBUTE 20 PERCENT OF THEIR REVENUES. UNDER THIS FORMULA, DUBAI'S CONTRIBUTION WILL BE ABOUT 800 MILLION DIRHAMS WITH OTHER EMIRATES CONTRIBUTIONS PLUS INCIDENTAL REVENUES FROM STAMP, ETC, ACCOUNTING FOR REMAINING 200 MILLION DIRHAMS.

4. SHAIKH SULTAN TOLD AMBASSADOR THAT IN ABSENCE OF ANY UAE CABINET, HE OPED TO SUBMIT FEDERAL BUDGET DIRECTLY TO UAE PRESIDENT SHAIKH ZAYID FOR APPROVAL. IF THIS TAKES PLACE, SULTAN SAID IT WILL AVOID PROBLEM WHICH OCCURRED DURING LAST FISCAL YEAR WHEN BUDGET WAS NOT FINALLY APPROVED UNTIL JULY OR OVER SIX MONTHS AFTER FISCAL YEAR HAD BEGUN.
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Message Attributes

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